

Asian Credit Daily

2 December 2024

Market Commentary:

- The SGD SORA OIS curve traded lower last Friday, with shorter tenors trading 3-4bps lower, belly tenors trading 5bps lower and 10Y were trading 6bps lower.
- Flows in SGD corporates were heavy, with flows in BACR 5.4%-PERP, HSBC 5.25%-PERP, TMGSP 4.65% '29s.
- According to a filing with the exchange, China Evergrande Group has announced that a winding-up hearing is scheduled for 10 a.m. on February 27, 2025, at the Hong Kong High Court.
- Guangzhou R&F Properties has announced that it received a warning letter from the Guangdong Regulatory Bureau of the China Securities Regulatory Commission for failing to disclose certain material issues in a timely manner.
- New World Development has announced in an HKEX filing that Echo Huang has been appointed as the chief executive officer (CEO). Eric Ma has resigned from his position as executive director and CEO to focus on other personal commitments.
- Bloomberg Asia USD Investment Grade spreads remain flat at 74bps while Bloomberg Asia USD High Yield spreads tightened by 1bps to 458bps. (Bloomberg, OCBC)
- There were no new Asiadollar mandates last Friday.

Credit Summary:

- **DBS Group Holdings Ltd (“DBS”):** DBS has received regulatory approval to raise its stake in its Chinese securities venture DBS Securities (China) Co., to 91% from 51% for ~CNY823mn.
- **HSBC Holdings PLC (“HSBC”):** HSBC Holdings Plc is preparing to start the search for a successor to Chairman Mark Tucker per a Sky News report.
- **Singapore Post Ltd (“SingPost”):** SingPost agreed to sell its full 97.1% stake of Australian assets held under Freight Management Holdings Private Limited (“FMH”) to Pacific Equity Partners (an Australian private equity firm with AUD12bn assets under management) at an enterprise value of AUD1.02bn (SGD897.6mn).

Credit Headlines:**DBS Group Holdings Ltd (“DBS”)**

- DBS has received regulatory approval to raise its stake in its Chinese securities venture DBS Securities (China) Co., to 91% from 51% for ~CNY823mn. Plans to raise its stake was first announced in September 2024 with initial approval to operate the majority-owned China Securities Venture in 2021.
- At the time of initial approval, the investment management arm of state-owned services sector conglomerate Donghao Lansheng Group was reportedly the second-largest shareholder with a 24.7% stake. Its business scope will include securities brokerage, investment advisory, underwriting and sponsorship as well as proprietary trading. (Company, Bloomberg)

HSBC Holdings PLC (“HSBC”)

- HSBC Holdings Plc is preparing to start the search for a successor to Chairman Mark Tucker per a Sky News report. Mr Tucker has been chairman of HSBC since 2017 is expected to step down around the bank’s annual general meeting in Spring 2026.
- The board is considering both existing non-executive directors and outsiders to succeed Mr Tucker, according to Sky.
- The search comes after the recent appointment of new Chief Executive Officer Georges Elhedery who commenced on 1 September and the appointment in late October 2024 of Pam Kaur as Chief Financial Officer to replace Mr Elhedery. (Sky News, Bloomberg, OCBC)

Singapore Post Ltd (“SingPost”)

- **SingPost agreed to sell its full 97.1% stake of Australian assets** held under Freight Management Holdings Private Limited (“FMH”) to Pacific Equity Partners (an Australian private equity firm with AUD12bn assets under management) at an enterprise value of AUD1.02bn (SGD897.6mn).
- However, **this transaction is still subject approvals** from (1) SingPost shareholders (extraordinary general meeting to be convened in end-February 2025) and (2) Foreign Investment Review Board of Australia. This transaction is expected to complete by end-March 2025.
- **Some proceeds will be used for debt repayment and possibly special dividend:** SingPost is expected to record a gain on disposal of SGD312.1mn. The gross proceeds from this proposed disposal will be AUD775.9mn, of which AUD362.1mn (SGD320.8mn) will be used to repay AUD denominated debt. The total AUD denominated debt of SingPost (including borrowings undertaken by FMH) amounted to AUD614.8 million (approximately SGD544.9 million) as at 30 September 2024. Besides, SingPost will consider special dividend in due course.
- SingPost’s net tangible assets per share will almost double to SGD0.689 per share after the proposed disposal, from AUD0.349.
- **We believe the divestment is a positive credit event** as debt will be reduced substantially and the Australian businesses are still facing considerable headwinds from softer business environments and stiff competitions. Per management, SingPost is likely to return to net cash position after the transaction. As of 30 June 2024, including a SGD250mn perpetual, adjusted gross debt and adjusted net debt were SGD1.13bn and SGD660mn respectively.
- **Post the transaction, SingPost’s business in Australia will be left with the freight forwarding business held under Famous Holdings**, which is classified as non-core assets and available for asset recycling. The outlook of the freight forwarding industry remains challenging with continued uncertainty stemming from the Middle East developments per Annual Report FY2024. (Company, OCBC)

FMH Group comprises 4PL efm Logistics, logistics technology provider Flip, third-party logistics provider (3PL) Logistics Holdings Australia, national bulk and B2B parcel delivery specialist Border Express, and B2C parcel delivery specialist CouriersPlease.



Source: Company, OCBC

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
29 Nov	Huaiyuan County New Urbanization Construction Co Ltd (SBLC Provider: HUIZHANG BANK)	Fixed	USD	100	3Y	5.4%

Key Market Movements

	2-Dec	1W chg (bps)	1M chg (bps)		2-Dec	1W chg	1M chg
iTraxx Asiax IG	73	0	-1	Brent Crude Spot (\$/bbl)	71.9	-1.5%	-1.6%
				Gold Spot (\$/oz)	2,637	0.5%	-3.6%
iTraxx Japan	53	1	0	CRB Commodity Index	287	-0.5%	2.7%
iTraxx Australia	66	0	-1	S&P Commodity Index - GSCI	536	-1.5%	0.2%
CDX NA IG	48	0	-6	VIX	13.5	-19.9%	-38.3%
CDX NA HY	109	0	2	US10Y Yield	4.22%	-6bp	-17bp
iTraxx Eur Main	56	-1	-3				
iTraxx Eur XO	299	-8	-15	AUD/USD	0.650	0.0%	-1.3%
iTraxx Eur Snr Fin	63	-1	-2	EUR/USD	1.053	0.4%	-3.2%
iTraxx Eur Sub Fin	111	-3	-5	USD/SGD	1.343	0.2%	-1.8%
				AUD/SGD	0.874	0.2%	-0.5%
USD Swap Spread 10Y	-47	1	14	ASX200	8,460	0.5%	4.2%
USD Swap Spread 30Y	-79	2	16	DJIA	44,911	2.4%	6.8%
				SPX	6,032	1.4%	5.3%
China 5Y CDS	65	2	-1	MSCI Asiax	704	-0.9%	-3.7%
Malaysia 5Y CDS	46	2	4	HSI	19,488	1.8%	-5.0%
Indonesia 5Y CDS	75	1	2	STI	3,761	0.8%	5.8%
Thailand 5Y CDS	40	1	1	KLCI	1,602	0.3%	-0.2%
Australia 5Y CDS	10	0	-4	JCI	7,114	-0.4%	-5.2%
				EU Stoxx 50	4,804	0.3%	-1.5%

Source: Bloomberg

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